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ABSTRACT

This packet contains three papers from a symposium on organizational change. The first paper, "Kaizen Blitz: Rapid Learning to Facilitate Immediate Organizational Improvements" (Robert B. Gudgel, Fred C. Feitler), describes rapid and dramatic improvement in the organizational performance of a manufacturing firm after use of a series of kaizen blitzes (rapid change emphasizing quality). Participants in these blitzes and other employees and managers describe their experiences and the quantitative and qualitative results. A preliminary analysis of the theoretical basis for a successful kaizen blitz is offered. The second paper, "Organisation Identity: Exploring a 'New' Avenue for Intervention and Performance Improvement" (Christian L. van Tonder), reports on a study that clarified the nature of the various concepts of corporate identity and established a theoretical framework for researching organization identity. The results of structured interviews with 153 executives from 10 companies indicate strong relations between organization identity, specific organizational attributes, and organizational performance. The final paper, "Identification of Critical Work Environment Variables for Quality Performance in a Service Organization" (Constantine Kontoghiorghes, Deborah Dembeck), identifies the critical work environment variables for quality performance in an organization, including satisfaction with internal processes; commitment of peers toward quality; having easy accessibility to others in the organization; existence of few bureaucratic barriers to get the job done; effective communication channels within and between work teams; and achievement of ISO 9001. The papers contain reference lists. (KC)

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Kaizen Blitz: Rapid Learning to Facilitate Immediate Organizational Improvement

Robert B. Gudgel
Pennsylvania College of Technology

Fred C. Feitler
Kent State University

Rapid and dramatic improvements in the organizational performance of a manufacturing firm after use of a series of kaizen blitzes are documented in this case study. Participants in these blitzes along with other employees and managers describe their experiences and the quantitative and qualitative results from these blitzes. A preliminary analysis of the theoretical basis for a successful kaizen blitz is offered with suggestions for future research and development of a theoretical framework.

Keywords: Adult Learning, Continuous Improvement, Employee Involvement

Conventional wisdom about organizational change, quality improvement, and maintenance of productivity is being turned upside down by current events affecting how business is done in the United States and globally. Rather than being a passing fad, these conditions, only dreamed about a decade or less ago, foretell a future of increasingly changing markets, flexible organizations, and rapid, if not instantaneous, response to continually fluxing global conditions and needs. This study examines the use of kaizen blitz as an answer to present and future requirements for rapid change, new ways of doing business, and continuing needs for employee identification with both quality processes and products. This case study of a small manufacturing firm in northeast Ohio provides a platform for understanding how the kaizen blitz process works as well as providing concrete results of improvements in productivity, quality, and employee morale.

Kaizen comes from Japanese approaches to promote quality in the workplace. As defined by Imai (1986), kaizen means improvement(*kai*=change, *zen*=for the better) and requires continuous improvement for all aspects of an organization, both management and workers at all levels. A kaizen blitz is a specific focus of these ideas on a particular problem in a short time frame of one to five days.

Classical notions about producing lasting changes in work organizations are described in minimum time frames of years, often three to five. With the advent of instant communication via new technological advances and concomitant revisions of the market place from local to world wide in less than a decade, firms must readily adapt to change. Kaizen blitz is an applied strategy, based on quality principles that can create rapid change, improved quality, and increased productivity in time frames of hours and days instead of months and years.

Use of kaizen change strategies in American and global business is not new. Total Quality Management, Just in Time Manufacturing, Quality Function Deployment, Continuous Improvement, are examples of such attempts to incorporate "quality" and kaizen practice. These have had only moderate success, however; failure to produce desired results exceeds successes (Hoffher, Moran, Nadler, 1994). The literature suggests reasons for frequent failure of these highly touted approaches: short term thinking, lack of management commitment, inability to train employees in a timely manner, poorly conceived implementation strategies, and unclear goals (Hoffher et al., 1994; Schonberger, 1982). The "blitz" integrated with kaizen may overcome many of the problems associated with implementation of the broader based kaizen approaches.

Research Problem

Bringing about successful change in business organizations has been a recurring source of interest and study. Similarly the study of leadership and organization development is largely focused on issues of change and productivity. The recent focus on "quality issues" is integrally related to change. Advocates for "quality" interventions such as TQM have described this as a process that incorporates change management. Unfortunately,

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in a majority of American cases the adoption of TQM or other quality programming has not resulted in significantly improved practice, particularly when change is required. While there are many answers to why the problems and issues surrounding organizational change remain, the fact is organizations continue to need help in this area, particularly with issues around productivity, quality, and employee acceptance of change. Kaizen blitz holds a promise of responding to the problems described in this paragraph by offering a strategy that incorporates many "quality" features while appearing to avoid pitfalls of older, more touted methods for change.

This case study of the use of kaizen blitz examines the process of conducting a blitz, as well as how the participants experienced the process and what effects or results were seen as a direct result. The research question was, How does kaizen blitz affect productivity and quality in a manufacturing setting?

The experience of kaizen blitz is told by those who experienced this process and by one of the facilitators of the blitz. Group and individual interviews were used to collect data from study participants. The questions asked are:

What did you experience?
What was different about your experience with kaizen blitz compared to your prior operating experience?
What are results for you personally and for the firm?
How have "quality" processes been affected by kaizen blitz?
How have management and employee attitudes changed since kaizen blitz?
What has been learned from this experience?

Theoretical Foundations

Organizational Performance

Since the early 1980's, prescriptions to improve organizational performance have typically focused on: Continuous improvement or kaizen (Imai,1986), employee involvement (Crosby, 1979), quality management (Feigenbaum, 1983; Deming, 1986), and customer focus (Ishikawa, 1986). In some form these elements are combined and labeled Total Quality Management, Continuous Quality Improvement, High Performance or similar terms. In essence they are all ways to improve the quality of products and services offered and improve the productivity of organizations (Lindsay & Petrick, 1997). Successful use of these approaches requires initiation and sustaining organizational change and organizational learning (Senge, 1990; Hoffher et al., 1994; Herron, Meyer, Bohan, 1997). Many organizations choose a deliberate and lengthy approach to initiate and sustain change that supports organizational improvement. When used, this approach consists of extensive planning and training of employees before improvement initiatives are begun (George & Weimerskirch, 1994; Soin, 1998).

This approach of extensive planning and education before starting actual improvements has had mixed success in launching and sustaining organizational improvement (Tunks, 1992; Hoffher et al., 1994). The reasons for failure include lack of management commitment and involvement (Tunks, 1992), focus on quality improvement methods to the exclusion of selecting important things to improve (Hoffher et al., 1994), and measurement of success by the amount of training conducted instead of actual improvements achieved (Herron et al., 1997). The most successful efforts have incorporated sustained leadership commitment and involvement, appropriate planning and employee training, and demonstrated tangible improvement results within a short period of time (Tunks, 1992).

Adult Learning Principles

The concept of andragogy as described by Knowles (1980) includes assumptions that adult learners have rich experience and knowledge they enjoy using to build new information upon, a desire to apply learning to current situations, immediate use of learning, and enjoyment of active learning processes that also allow them to be supportive of other learners. Adults are more likely to engage willingly in learning activities when the content is meaningful to them (Merriam & Caffarella, 1991). In contrast, in the typical workplace, the predominant forms of adult learning have been structured, classroom based activities, more instructor directed than learner centered (Marsick,1988). This description of typical adult learning in organizations appears to fit Knowles' description of pedagogy and a "school based " atmosphere that is less likely to interest or promote learning (1980). Pratt (1988) suggests adults, in need of direction to learn an entirely new concept, should be taught from a teacher directed

basis whereas those needing only moderate levels of direction and support should be approached from a learner directed approach. During a kaizen blitz both traditionally instructive and facilitative roles are needed to both introduce new concepts and facilitate participant use of these concepts.

Kaizen and Kaizen Blitz

Kaizen is a Japanese term that means continuous improvement by managers and workers to improve organizational performance (Imai, 1986). Improvements are intended to be ongoing in all aspects of performance such as quality, productivity, and employee morale and well being (Herron et al., 1997). Kaizen for the Japanese represents both specific actions to improve and a philosophy of never ending effort to make things better in organizational and personal life (Imai, 1986). The Japanese term kaikaku means dramatic improvement in a short time or revolutionary change. A kaizen blitz may be described by this concept of dramatic, quick change that accomplishes immediate, rapid improvement in a short time.

During a kaizen blitz the instructor teaches basic problem solving and quality improvement techniques and then facilitates immediate participant application of these techniques to the specific improvement need. The techniques used typically include the Plan, Do, Check, Act cycle, also called the Deming cycle (Shiba, Graham, Walden, 1993). This cycle includes: selection of an improvement focus for the blitz, data collection and analysis of causes of shortcomings (Plan), creation and implementation of a solution (Do), evaluation of results (Check), and standardization of accepted solutions or a return to the Plan stage for ineffective solutions (Act). Participants are taught to use tools such as cause and effect (fishbone) diagrams and Pareto charts on a just-in-time basis where they can immediately apply them. Blitz participants are able to experiment and try solutions as they think of them until they find a solution that works. Participants use their knowledge and experience throughout the blitz process in conjunction with new skills they acquire from the facilitator/instructor. Both management and non-management employees participate in the blitz as a team. The only assigned work for the team is the blitz during a 1-5 day period.

Case Study Methodology

Company Background and Need for Assistance

To fully understand the results of kaizen blitz activities from the focus company of this study, a brief history of the company is offered. The history is followed by a description of blitz activities and data gathering that gained perspectives of company employees about the effect of these blitzes. This company manufactures circuit boards to control gas flow to certain types of heaters. The company has employed between 90-150 people at various times in recent years and is owned by a larger corporation.

A Steering committee had been formed to investigate and select a methodology that would help the company improve quality and productivity. The committee consisted of the operations manager, materials manager, production planner, and a production supervisor. Members of the Steering Committee indicated they were keenly aware of the need for adjustment and improvement in how products were produced. They also knew that past efforts at improvement had yielded little benefit to either productivity or to quality. Their experience with outside consultants had not produced improvements; there was noticeable tension and conflict between departments responsible for production. Generally the Steering Committee members were skeptical about both the process and the likelihood of positive results from any proposed improvement activity.

In response to an invitation from a local productivity improvement center (Work in Northeast Ohio Council or WINOC), the Steering committee attended a program that explained the kaizen blitz process and featured a company whose representatives shared their story of dramatic improvements using this approach. The committee felt an immediate and dramatic improvement from a kaizen blitz would demonstrate to their company that change was possible and create confidence among the staff to attempt further improvements. Contact was made with WINOC to secure the services of two facilitators and an initial kaizen blitz was scheduled for April 1999. One of the facilitators was a co-author of this paper; the other co-author later interviewed employees to gather data for this article.

Initial Kaizen Blitz

The initial blitz team consisted of 12 members chosen from management and non-management employees. A cross section of departments and disciplines was represented. The focus or theme of the initial blitz was to increase the quality of circuit boards during initial production and reduce a high amount of rework necessary to make boards meet quality standards. During day one of the blitz, facilitators explained the purpose of the blitz, how the team would function together, and explored concerns and questions of participants. Some participants were skeptical about their involvement with the blitz. Facilitators also presented information about effective manufacturing principles and secured the team's agreement as to the importance of pursuing this improvement task. The team agreed there would be no "rank" among members for purposes of decisions or sharing information and consensus would be the method for decision making.

On day two of the blitz, facilitators introduced techniques such as use of cause and effect diagrams, Pareto charts, and brainstorming to participants. The team immediately applied these tools to the problem at hand to determine causes of shortfalls and create solutions that addressed these shortfalls. Later on day two, participants began experimentation to test the effectiveness of possible solutions. The facilitators encouraged and assisted participants to use their knowledge and experience to determine and prioritize problem causes, verify data that supported suspected causes, brainstorm possible solutions, and verify effectiveness/ineffectiveness of proposed solutions.

On day three, steps were taken to begin implementation and standardization of successful solutions and to try other solutions for those proven ineffective the previous day. Day four was devoted to planning necessary follow up to complete implementation, standardization, and adoption of successful solutions. The final activity on day four was a presentation to the company president and other managers of the results of the blitz.

Beginning in June 1999, three additional blitz activities were conducted that focused on reduction of production time for a high volume product, reduction in production time of a particular module, and reduction of indirect production time. The same two WINOC facilitators assisted with the second blitz, one WINOC facilitator and a company representatives facilitated the third blitz, and company facilitators facilitated the fourth blitz. All blitzes used the same process as described for blitz one, each team had a mix of new and experienced participants.

Top Management Support

During all blitz activities top management supported the process by:

- Providing coverage of participant jobs during each blitz
- Allowing active experimentation to test solutions, accepting failure as a learning experience, and encouraging non-participants to cooperate with team members during experiments
- Agreeing to immediate steps with no "red tape" to speed implementation of solutions
- Explaining to non-participants why changes had been made to familiar processes and equipment so resistance by non -participants would be minimized
- Engaging knowledgeable, outside facilitators to start the kaizen process
- Active follow up for actions that helped implement and standardize solutions
- Demonstrated interest in and moral support for the process overall, including participation by a senior manager (operations manager) in several blitzes

External facilitators served as models for company representatives to learn the facilitation process for kaizen blitzes. At various points in time the facilitators served in more traditional instructive roles to acquaint team members with new concepts. New ideas were introduced on a "just-in-time" basis as they were needed and would be immediately applied. As soon as possible, however, the facilitators assumed a helping role and encouraged participants to use their experience and knowledge to effect changes.

In December 1999, the co-author who had not facilitated the earlier blitzes visited the company and conducted interviews with a variety of employees and managers to gain their qualitative perspectives about the effects of the blitzes. He also requested and was given quantitative data as to improvements in quality, productivity, and other important indicators of company performance. The results of this data collection are detailed in the results section.

Results

A group interview was conducted with the kaizen blitz Steering Committee. Individual interviews were held with the chief engineer, a line worker, the quality control group leader, a quality control auditor, a production group leader, a manufacturing engineer, and a long term temporary line worker who had not been involved directly in any of the blitzes. Length of employment of those interviewed ranged from 25 years to 3 years.

How did you experience the blitz?

An engineer commented, "We should have done this all along. Having a cross functional team involved was a major issue and very helpful. This was an engineering approach; very analytical." A team leader stated, " I knew what was going to happen. We needed to develop a new set of standards." A line worker did not know why she had been selected to be involved and said very little during the first day, but by the end of the blitz indicated she was actively involved and rather vocal about her ideas for improvements. "My self esteem was improved. My participation was important. I came up with the idea to use the racks." The quality control auditor reported being a careful observer and talking with people. "Before the blitz process we would not typically follow through with an idea." An engineer spoke, "I waited for them (line workers) to tell me. I listened to what the line members were doing." The temporary line worker noted a definite improvement in both productivity and in pride in workmanship.

What was different about your experience with kaizen blitz compared to your prior operating experience?

A group leader noted, "We were all equal. We attacked the problem from all angles. We looked at many ideas before taking action." An engineer spoke up, "This was the first time we had involved line workers. This bottom up approach was different." Another engineer said, "People from different groups had to work together. We divided into small teams to study and measure components of the job and gather results." A line worker added, "I was afraid of management before; we got to meet these people and we could communicate. I learned that management could be open to our ideas." Another group leader offered, "Before someone would tell us what to do; now they ask people on the floor."

What are results for you personally and for the firm?

Measurable Results:

A clear result of the blitz process has been a commitment and awareness of the value of collecting data about how products are made and about indirect process issues related to quality and worker satisfaction. The following were indicative of improvement in productivity and quality:

- On time delivery is up. In one year units delivered late decreased from 11,402 to 423 units. This is an improvement of 96 percent.
- Personnel costs and numbers are down over a year ago. Personnel needed to produce the same number of units has decreased from 97 to 64 workers, a decrease of 34 percent in one year.
- Units with some form of defect have decreased from 14 percent prior to the blitz to 8 percent less than one year later. This is a 57 percent improvement
- Time required to fill orders is down. A year ago an order took 21 days to fill; now this takes four days. This is a reduction of 81 percent.
- At one time 130 employees were required to produce 5000 units per week; this compares to the current 64 employees producing 8,500 units that are more complex than the earlier products.
- Turnover is down.
- Overtime is markedly less, changing from 58 hours for a three month period to 2.5 hours for a similar period following the blitz. This is a 96 percent reduction in overtime.
- Employee satisfaction is up.
- Dollar value of inventory has dropped 22.5 percent.

Perceptions of Qualitative Change

Interviewees report there is greater cooperation, more data collection, greater communication between the floor and other departments, better control of production, agreement about quality standards, more questioning of each other and across departments/functions. In describing the blitz, the following words and phrases were used: "intense, time consuming, really proud, we were the experts, experimental ("we tried out our ideas"), manageable, fantastic, focus on immediate change, and small scope."

How have "quality" processes been affected by kaizen blitz?

An engineer stated, "Communication and cooperation have absolutely improved. They communicate openly with us." A group leader added, "Quality has increased. This brought departments closer together. Communication between departments is easier." Another group leader commented, "We work as a team. Before people fought with each other. We have better communication on the floor." A line worker reports, "Our improvements were tremendous. We eliminated errors. We are cross trained without a group leader." A quality control auditor reported, "Cross functional blitz teams allowed us to break communication barriers." An engineer spoke up, "We were asked to think of something new and try it. We can cut time in half. Quality control and production are working together." And a line worker without direct blitz involvement said, "I see an enormous change. My production has gone up." The operations manager indicated "we accomplished great strides with virtually no capital expenditures."

How have management and employee attitudes changed?

A line worker said, "Well, we didn't communicate before. People feel better about their jobs. People are more excited about their work. They understand how what they do affects quality and productivity." A group leader offered, "There have been tremendous improvements on the floor itself. We have positive changes because of kaizen." The quality control auditor stated, "People are listening to each other now. Workers are now interested in quality and productivity." Another group leader added, "Management is more interested in listening and considering ideas of employees. Employees are trying harder not to make mistakes. They like to see good numbers (results) on the board." An engineer suggested, "Employees see their direct link to productivity and profit."

What has been learned from this experience?

"We really are the experts."
"We didn't have a good problem solving process before the blitz."
"We used common sense."
"We can make changes ourselves."
"Bottom up works."
"Trying new ideas is good."
"Kaizen blitz got the job done where other approaches have not."
"The support of the operations manager and supervisors made this possible."
"My ideas can make a difference."
"We can follow through with improvement and change."

Discussion

A case study of one firm may not predict future success with other, different organizations. However, careful case study documentation can assist and guide future kaizen blitz users to success with improved quality, productivity, and employee satisfaction. Based upon this experience, we believe several factors are essential for duplication of these results in other settings. The following items are not ordered by importance:

- *Management Support* - commitment from the top is a requisite for success, not only during the planning phase but also during the blitz and with follow-up. Explaining to those directly involved with the blitz how and why this is important should come from the top. Assuring employees involved and those left on the floor that this is important and necessary work is required. Allowing the blitz teams to stop production to experiment directly with change is required, but could be very divisive without management providing explanation. As follow up to the blitz there will be changes in process and procedure and monetary costs may be incurred.
- *Recognition and attitude about improvement* - both management and workers recognize and support the need to improve in specific, measurable areas.
- *Willingness to work as a team* - the concept of "team" is a requisite notion for a successful kaizen blitz. An unwillingness to ignore conflicts, past power struggles, and perceived inequities will prevent or impede progress.
- *Use of andragogy principles:*

  1. short, focused time frame - a key element of the blitz process is a 3-5 day, no interruptions, intensely focused commitment to a specific problem. Participants see immediate, tangible results of their improvement efforts applied to a problem of interest to them.
  2. participant experience - work experience is fully used to discover the causes of problems and improvements.
  3. Skills as needed only - as noted in the methodology section of this case study, skills are needed for successful blitzes. However skills are only introduced when and if needed, not as separate training or because this is "good for you". This just-in-time approach keeps the team focused on results, not the educational process. New knowledge is applied immediately rather than taught for unspecified future use. Participants practice and improve skills while new information is fresh.
- *A measurable, manageable problem* - having a measurable, specific problem to work on is critical and essential to a successful blitz. Our experiences with these four blitzes and others outside this study confirm this requirement. "Improving communication between supervisors and line workers" is too vague. "Decreasing the amount of waste on line three" is measurable and specific.
- *An improvement attitude* - the heart of kaizen blitz is that *we* can make improvements and workers can be an integral part of the process that produces changes in productivity and quality. This attitude is fed by measurable successes that give positive feedback to workers.

Need for Further Study

While this case study provides an excellent example of successful use of the kaizen blitz process, there are cases where kaizen blitzes did not produce favorable results. Additional study is needed to determine why these blitzes were not successful. Some issues which may influence success include: amount of organizational support for the blitz process, need for visible results to create interest, and minimal essential methods of training and appropriate facilitation of blitz teams. These are but a few of the factors that should be studied to gain a more complete understanding of successful blitzes and the predictors of success.

Additional study is also suggested for other organizations that have been successful using the kaizen blitz process. The authors believe further study will help to develop a theoretical framework that explains successful and unsuccessful kaizen processes.

Implications for HRD Professionals

Several important implications emerge from this study for Human Resource Development professionals:

1. The kaizen blitz process can be a helpful tool to create immediate improvements for an organization. Improvements reported in this study were accomplished with little capital expenditure as well. The blitz can serve as an important start for long term continuous improvement by demonstrating positive results that inspire and encourage people.
2. Proper application of adult learning principles can be a highly effective way to obtain organizational improvements, encourage learning, and use the skills and experience of employees. Proper application of adult learning principles has been recommended for several decades by scholars and practitioners. Unfortunately,

many organizations have not used appropriate adult learning practices when attempting organizational improvements. Successful use of adult learning in this case study supports what scholars and practitioners have long advocated relative to effective learning in organizations.

3. The results of this study indicate that a supportive context for successful improvement activities is necessary. Success occurs when adult learning is augmented with management support.
4. Many companies have tried and failed to achieve lasting success using traditional improvement approaches. The kaizen blitz process may be a way to rekindle interest and belief within these organizations that have tried but failed in the past. Use of kaizen blitzes can dispel cynicism and disbelief as well as restore confidence in the ability of workers to create meaningful organizational change. Confidence is restored by demonstration of successful, visible improvements in a short timeframe. For those organizations that have not attempted formal improvement activities, the kaizen blitz approach can set an example of success to be sought in the future. Organizations can then build upon these successes to achieve more permanent change and create a true culture of kaizen or continuous improvement.

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Organisation Identity: Exploring a "New" Avenue for Intervention and Performance Improvement

Christian L. van Tonder
Rand Afrikaans University

Commentary in the business press has suggested that organisational success is related to the notion of corporate identity or organisation identity. The present study clarified the nature of the various concepts and established a theoretical framework for researching organisation identity. A correlational study was undertaken to determine the relevance of the organisational identity concept at an applied level. The results of structured interviews conducted with 153 executives representing 10 listed companies indicate strong relations between organisation identity, specific organisational attributes and organisational performance.

Keywords: Organisation Identity, Organisation Character

Organisations have become a taken for granted phenomenon in contemporary society. Indeed they have steadily grown and assumed centre stage in societal evolution and development, with many latter day global corporations financially more powerful than smaller nation states. Startling results produced by a Royal Dutch / Shell study of enduring organisations (De Geus, 1997) have however revealed that the life expectancy of organisations is rapidly declining (currently between 40 and 50 years). Organisational decline and bankruptcy were increasing at disturbing rates (Korten, 1995; Labich, 1994) with wave upon wave of costly mergers, acquisitions, corporate restructurings, and related organisational change events adversely impacting on the workforce, their dependants and ultimately society at large (Offerman & Gowing, 1990).

Various approaches and many attempts at accounting for the premature demise of organisations have proposed that environmental forces and economic and managerial reasons are to blame. The popularity of these arguments have waned over time, with many a scholar now arguing that they are over-simplistic, focus on symptoms and do not acknowledge the more fundamental psychological nature of organisational decline (for example Levinson, 1994). More recent contributions in the popular and business press (Labich, 1994) have suggested that the expensive path to corporate failure could be linked to the "*identity*" of the organisation (more specifically the absence thereof). This proposed relationship between identity and organisational performance is however not a novel concept, with some business leaders in the USA acknowledging this linkage (Wathen, 1986). Moreover, it has been indicated in some quarters (Chajet, 1989) that *corporate identity* is increasingly being viewed by US executives as a mainstream business activity. In the South African business context, for example, the results of a recent opinion poll among chief executive officers listed growth, *identity* and entering new markets as the top strategic priority for the period 1999 to 2003, followed by global competitiveness and productivity (Robertson, 1999) The conclusions of, among other, the Royal Dutch / Shell study of enduring organisations (De Geus, 1997), which emphasise a strong sense of identity as one of four key survival factors for organisations, further bolster the view that identity is an important element in organisational performance. These views are significant in the sense that *identity* (or *corporate* or *organisation identity*) as a concept is beginning to surface in non-advertising and non-marketing arenas as a possible "theory" which could account for business failure (or success).

The Problematic of Identity

The term *identity* is derived from the Latin word "Idem" meaning "the same" (Abend, 1974) with its first known use dating back to approximately 1570 AD when it was used as an expression to convey the quality or condition of *being the same*, being *absolutely or essentially similar* and referring to a *sense of unity* (Van Tonder, 1987). Erik Erikson who is generally credited with popularising the concept as a consequence of his work in the field of individual psychology (Westin, 1983) described it as an *inner sense of sameness* and a *continuity of character* (Erikson, 1959). The term is however more frequently described in terms of the *uniqueness, solidarity, autonomy, continuity over time, and the discreteness of the person* (referred to as objective identity), which is differentiated from the person's *sense* of (having an) identity or subjective identity (Van Tonder, 1987). The notion of *identity*,

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however, is itself problematic. While Erikson (1959, p. 102) stressed *"... the term itself retains some ambiguity"*, Albert and Whetten (1985, p. 265) argued that identity is a profound and consequential issue, but so difficult an issue that it is best avoided.

Turning to the notion of *identity within an organisational context*, it is not entirely unexpected to find Albert and Whetten (1985) commenting on the inherent ambiguity and abstract nature of the organisation identity concept, and the absence of an adequate theoretical framework to guide research and practice. This ambiguity is further exacerbated by the practice of using the concept interchangeably with concepts such as *corporate identity* and *corporate image*. The interchangeable and imprecise use of key concepts and terminology is in fact a common criticism of the field (Stewart, 1991; Van Heerden & Puth, 1995). Moreover, very little scholarly research has been conducted on the subject, with academics not devoting adequate attention to the subject of *corporate* identity (Stewart, 1991) and much of the available literature written at a fairly superficial level by consultants or executives of advertising agencies (Shee, 1988). Apart from the public relations and advertising perspectives, scant attention has been given to the notion of identity within an organisational context. Given this context, several fundamental research questions were formulated:

- Even though the concept of *corporate identity* has been popularised by the public relations and advertising disciplines, what essentially is *organisation identity*? Indeed, does it exist and can it be differentiated from *corporate identity* and *corporate image*?
- What would the role (purpose and function) of *organisation identity* be?
- Assuming *organisation identity* is measurable, will it differ from organisation to organisation, from industry to industry, or not at all?
- Can *organisation identity* be linked to organisational functioning, as Labich (1994) would have the reader believe?

Research which provides answers to some or all of these questions (and indeed the many more that could be phrased) should bring clarity to the prevailing confusion around the use of the various identity concepts and possibly provide alternative arguments to account for the less than desirable levels of organisational performance (and the premature demise of organisations).

The purpose of the study was consequently stated as to investigate and determine the theoretical and practical relevance of the *organisation identity* concept. Several more specific research objectives were stated, which focused on exploring and defining organisation identity from a theoretical perspective - in relation to similar concepts in use (corporate identity, corporate image). During the empirical phase the study would primarily explore the existence and relatedness of organisation identity as construct at an applied level.

Corporate Identity and Corporate Image

The prolific writing on the topic of *corporate identity* over the last decade or so is indicative of a growing awareness of the subject both in business quarters (Chajet, 1989; Wathen, 1986) and among behavioural science professionals (Gorb, 1992) and attests to the increasing theoretical and practical interest in the ideational dimensions of organisations (Alvesson, 1990). A substantial base of quasi-theoretical literature at a superficial level currently characterises the domain of *corporate identity* and *corporate image*. A great many viewpoints have been expressed and a vast array of definitions on these concepts have been published (Van Heerden & Puth, 1995). In the absence however of an adequate theory base and a lack of systematic research (Stewart, 1991), the conceptual boundaries of the concepts have become diffused and contributed to confusion and the practice of using the concepts interchangeably. While it is generally acknowledged that *corporate image* and *corporate identity* are associated (Ind, 1992; Stewart, 1991; Van Heerden & Puth, 1995) this relationship in itself appears to be a source of confusion. It is for example not uncommon to encounter views expressing either similarities between corporate identity and corporate image (Zinkhan, 1993), or indicating that the two concepts are *closely bound* together (Stewart, 1991). The conceptual proximity of the two concepts appears to have contributed to a reciprocal "spill over" of meaning from one concept into the domain of the other - to the extent that both concepts have adopted features of the other.

A source of complexity compounding the existing difficulties experienced with the terminology, is the existence of distinct schools of thought within the *corporate identity* literature (Balmer, 1995). The most established and prominent of these streams hails from the corporate communications and public relations field, and emphasises the visual and design components of the organisation as the essence of *corporate identity*. This perspective is represented by those that view *corporate identity* as the visual manifestation and projection of a desired identity, notably through means such as the company's name, its logo, corporate colours, tagline, slogans, and symbols (for example Schmitt, 1995; Schmitt & Pan, 1994). The emphasis placed on the visual components of the organisation as

a means to *influence or manipulate (control and manage) the perceptions*, which the public and other stakeholders develop in respect of the organisation, is a salient feature of this approach.

Less prominent, but gaining ground is the school of thought that relates *corporate identity* to the company's mission, philosophy, and culture – essentially arguing that *corporate identity* depicts the innate and distinct personality or character of the organisation (for example Ackerman, 1984; Balmer, 1995). Proponents of this view argue that the typical visual attributes of the organisation are (or should be) the manifestations of the underlying distinctive character of the organisation, and imply alignment or congruency between organisation character and appearance. This approach appears to be more closely aligned with the traditional, psychological concept of *identity*. Indeed, there is a growing recognition that *corporate identity* can be related to the fundamental and psychological concept of *identity* (Ackerman, 1984). In this context, corporate identity is idealised as the distinctive qualities or personality of the organisation, which reside within and drive the organisation. The professional and business publications are flushed with references to *identity crises* and variations such as "*mistaken identity*", "*searching* for a new identity", a "*split* identity", etc., which tend to reinforce a more psychological view of corporate identity. These conceptualisations however lack the psychological depth and sophistication generally observed in terms of the psychological concept of personal or individual identity. In practice *corporate identity* has not yet evolved to the point of incorporating the psychological fundamentals of the core or generic *identity* concept.

The reality that the *identity* of the organisation is more than the traditional concept of *corporate identity* (with its emphasis on visual cues) has been acknowledged. In this regard Olins (1990, p. 22) has stressed that the "visual promise" of *corporate identity* must be underpinned by an improvement in the communications or behaviour of the organisation. Furthermore, a new logo or brand will not secure a new *identity* if these organisational symbols do not adequately reflect internal organisational reality (Olins, 1996). Reflecting on the status of the *corporate identity* field, it must be concurred with Glover (1993, p. 38) that too much emphasis has been placed on the world outside the organisation and not enough on the world inside it.

While corporate identity appears to be concerned more with the purposeful projection or portrayal of the organisation – predominantly through planned and persuasive visual means, *corporate image* tends to be the result or effect of, among other, the efforts to project a desirable corporate identity. Descriptions of what a *corporate image* is, range from the relatively uncomplicated *picture that a company's audiences have of it* (Ind, 1992), to the more encompassing *set of beliefs, experiences, feelings, knowledge, attitudes and perceptions stakeholders have of the organisation* (Van Heerden & Puth, 1995). Generally though, *corporate image* conceptualisations tend to vary around the common core of a *perception of the company* (Van Tonder, 1999). Shee's (1988) observation that the majority of *corporate image* conceptualisations tend to view the concept as a manufactured rather than a true reflection of the organisation remains valid. The *corporate image* is essentially viewed as a marketing asset, a market-positioning device, and as part of the strategic agenda to be managed and designed for competitive advantage (Dowling, 1993; Stewart, 1991).

Of particular importance, is the claimed impact on the organisation's performance, of firstly, *corporate identity*, and secondly *corporate image*, which enjoys popular support. Authors such as Ackerman (1984) argue that corporate identity clearly and consistently sheds light on business success and failure. Several authors have more specifically stated that an inaccurate or inadequate corporate identity and perceptions of this identity (introducing the corporate image concept) will negatively impact on the company's sales and earnings, employee morale, ability to attract talented people and expansion capital, and general performance on Wall Street (Chajet, 1989). While many of these arguments appear to have some face validity, sound empirical studies are rare and more research is required before this relationship can be substantiated. As with corporate identity, claims as to the impact of corporate image on organisational performance abound (see for example Treadwell & Harrison, 1994, who cite numerous studies in this regard). Despite this observation, substantive empirical research in this domain is also lacking (Shee, 1988; Stewart, 1991; Treadwell & Harrison, 1994).

Organisation Identity

In stark contrast to the proliferation of quasi-theoretical contributions in the field of corporate identity, the literature reveals a marked absence of contributions on the subject of *organisation identity*. Although each of the rather limited number of theoretical contributions made in respect of *organisation identity* practically represents a different perspective, four major streams or paradigms can be identified.

The *psychoanalytic* approach, which is evidenced in the work of Diamond (1993) and Czander (1993), applies concepts from the domain of individual psychoanalytic theory to organizations. Diamond (1993) for example describes organisation identity as the unconscious foundation of organisation culture and suggests that organisation

identity be seen as an interpretative framework, from which the organisation can be analysed and the motivation and behaviour of its members be understood. As a theoretical perspective, it relies intimately on the psychoanalytic tradition and concepts – particular those relevant during childhood and later ego-development and for this reason the theory is difficult to apply to the organisation as unit of analysis.

The *social identity* approach, which is more concerned with the identity an employee or person derives from his/her membership of an organisation, is premised on the work of Tajfel (1974) and is represented more pertinently by the work of Ashforth and Mael (1989). Social identity theory argues that the individual seeks to obtain a positive social identity by virtue of membership to a group or groups (or organisations) that are held in high regard. It acknowledges the existence of either a group or an organisation with an identity sufficiently attractive or alluring for a potential member or stakeholder to seek belonging to it. It is argued that a distinctive organisation identity will attract potential employees, customers and shareholders to the organisation, and will enhance the support and loyalty of serving members. Both Diamond (1993) and Ashforth and Mael's (1989) articulation of *organisation identity* lean more towards the identity of the individual (as unit of analysis) and tend to understate the identity of the organisation-as-organisation (indeed may inadvertently diffuse the boundaries of the two identity concepts).

The *communication* approach to organisation identity (Hecht, 1993), essentially argues that organisation identity is a process of communication and self-expression, and messages about the self are exchanged during communication transactions. Identity is defined as a characteristic of the individual, stored as self-cognitions, feelings about self, and / or a spiritual sense of self or being. The character of the identity concept is clearly depicted through the basic assumptions of the theory, but the precise role and function of *identity* (its purpose) in terms of the overall functioning of the individual is less clear.

The fourth approach represents those researchers who focus on the identity of the organisation as an entity. The organisation identity concepts defined by these authors appear to incorporate one or more of the psychological parameters of the original identity concept as articulated by Erikson (1959, 1968). This school of thought is represented by the work of Albert and Whetten (1985), Dutton and Dukerich (1991), Dutton, Dukerich and Harquail (1994), and Van Tonder (1987) and can be referred to as the *classical* approach to organisation identity. Common to these authors, is the equation of organisation identity to the *distinctive character* of the organisation, which is evidenced in those features of the organisation that are considered *core, distinctive, and enduring*. In keeping with Erikson's (1959, 1968) views of *individual identity*, *organisation identity* is considered a life cycle bound phenomenon, which may become more salient during different development stages – particularly during change (for example transitions from one life cycle stage to another).

Of the listed approaches, it is only the research by Albert and Whetten (1985) and Dutton and Dukerich (1991) that attempted to extend the theory to some form of empirical exploration (qualitative, case study approaches). A brief comparison of the various contributions within the identified approaches indicate that the term *organisation identity* in most instances, is a misnomer - frequently employed to indicate the identity of the *individual* employee. As such, it does not depict the organisation as unit of analysis, whose identity could more appropriately be referred to as organisation identity. A substantial degree of consistency is however observed within the classical approach in terms of the frequency with which the organisation's identity is equated to its character or personality (used as synonyms) and, specifically, the distinctive / unique, central and enduring nature of the organisation. Secondly, while using different terminology such as frame of reference, schema, or cognitive gestalt, the theoretical contributions seem to suggest directly and indirectly that organisation identity is an integration mechanism or framework. Organisation identity itself is largely unconscious or hidden and only becomes salient when the organisation engages change (whether by choice or otherwise), when it is challenged, or when it finds itself in transition between two life cycle stages. While Albert and Whetten (1985), and Van Tonder (1987) provide more evolved theoretical perspectives on *organisation* and *group identity*, adequately developed theories of *organisation identity* remain elusive. The problem is compounded by the alternate vantage points from which theorists approach the concept with or without regard for the psychological origins of the concept – a situation having its roots in the complexity and ambiguity of the psychological concept of identity and which subsequently prompted a restatement of the *organisation identity* concept by Van Tonder (1999).

Regardless of the perspective employed, it does appear as if most of the cited theorists would concur that identity has potentially serious ramifications and a significant impact which is often more indirect, pervasive and enduring than may be immediately apparent. The anticipated impact of organisation identity on the organisational system is yet to be determined empirically.

A wide array of organisational attributes is nominated by the respective theoretical contributors as being important components of the organisation's identity. Taken together, these include virtually all prominent features of the organisation, such as statements of ideology, mission, objectives, strategy, structure, organisational processes, shared values and beliefs, leadership, management philosophy, culture (frequently cited) and components of culture

(such as rituals, ceremonies, stories, symbols), organisational boundaries, relationships (between employees, management and subordinates), logos, slogans, appearance of the corporate headquarters; organisational climate, the skills, abilities, attitudes and interests of the organisation; communication, feelings, social roles and social affiliations, and physical attributes of the organisation.

While *culture*, *structure* and to a lesser extent *leadership* and management, and *ideology/mission* are repeatedly mentioned, it appears that identity-defining attributes can be any attribute of an organisation. To an extent, this serves to confirm the absence of empirical research in the domain of organisation identity. It is assumed that empirical observation will bring more clarity to this situation by differentiating between more and less prominent variables (features) of an organisation's identity.

From the various, though limited, theoretical contributions in the field and drawing on Van Tonder's (1987; 1999) reconceptualisation of the *identity* construct, *organisation identity* was finally redefined as *a cognitive gestalt or integrative schema of the organisation's features which reflect its uniqueness or distinctive, central/core and enduring character*. It is established largely at an unconscious level and provides the basis from which the organisation is consistently perceived as unique (one of a kind) and is clearly differentiated from other organisations in its environment (also referred to as the fact of identity or objective identity). The organisation's identity (or lack thereof) *is experienced and expressed* at a subjective level in the form of *a sense of identity* (referred to as subjective identity). This subjective identity of an organisation is an emotional manifestation of the more cognitive and objective identity (as stated above), and essentially describes the organisation's *awareness* of its identity (or lack thereof).

The purpose of organisation identity was stated as to ensure that the organisation was perceived as a unique entity when compared to similar organisations. This it achieves through differentiating the organisation from its environment (through social comparison, introspection and self-categorisation), which in turn enhances focus and consequently facilitates adaptation, and the future survival of the organisation. Moreover, organisation identity which is established and maintained primarily at an unconscious level, is a life cycle linked phenomenon that is sensitive to change during periods when the organisation was particularly vulnerable and more at risk (start-up conditions, rapid growth and decline stages). Depending on the organisation's capabilities and environmental sensitivity, it could drift into a situation of identity diffusion or inadequate or inappropriate identity, which is referred to as an identity crisis. The latter if left unattended can seriously jeopardise the organisation's functioning in the short term, compromise intermediate adaptation to environmental change and ultimately result in the organisation's demise [1]. With this conceptualisation as context it was argued that *organisation identity* as the distinctive character or central, distinctive and enduring features of the organisation, could be differentiated on theoretical grounds from *corporate identity* (essentially the visual portrayal of the organisation's character) and *corporate image* (the perceptions stakeholders have of the organisation). At the same time it provides substantive grounds for exploring the meaning and relevance of the organisation identity concept at an applied level.

Empirical Exploration of the Organisation Identity Concept

Hypotheses developed on the basis of the literature review took the view that organisations do possess distinctive identities, which are related to specific organisational attributes or features. Moreover, that the *organisation's identity* is related to the organisation's performance.

The scant research base, devoid of any significant empirical studies and limited in terms of theoretical foundations, suggested exploratory research with a strong correlation component. An *ex post facto* field study with qualitative and quantitative data gathering methodologies was indicated to test the hypotheses of the study. Triangulation as methodology was pursued in the absence of a clear theory and empirical base, and both the independent variable (organisation identity) and the dependent variable (organisation performance) were operationally tested with several alternative definitions. *Organisation identity* was alternatively conceptualised as *the company's total answer to the question "who am I ?"*; *distinctive character* or personality; *perceived uniqueness*; and, that combination of *organisational features which convey the unique, central or core, and enduring character* of the organisation. *Organisation performance* was defined operationally as performance *ratings* provided by executives (covering a seven year period); published *financial results* for the 1997/1998 financial year; and overall *rank order* position of the company based on the frequency with which it has been cited in "top performing" and "worst performing" tables of the Top 100 Companies (annual Business Times survey) for a four year period.

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[1] For a more comprehensive argument on the theoretical fundamentals of *organisation identity*, see Van Tonder (1999).

A cluster sampling strategy, drawing on companies resorting among the "Top 100" and worst performing companies on the Johannesburg Stock Exchange in the 1997 annual survey of Top 100 Companies (conducted by the Sunday Times Business Times) was employed. A list was drawn up and 221 qualifying companies were approached, of which the participation of 10 listed and high profile companies from 7 industry sectors[2] were secured. A structured interview (schedule) was used to obtain qualitative and quantitative data from the 153 top and senior executives who represented the participating companies. Qualitative data were obtained through structured, open-ended questions, the Twenty Statements Test (Rees & Nicholson, 1994) which is similar to an incomplete sentence procedure, and the use of respondent nominated metaphors to describe his/her company. Quantitative data was obtained through specific questions, which sought descriptions of the company in terms of various topics (e.g. uniqueness, culture, image, operational challenges, values), and required an assessment of company performance, focus, character and stage of development over a seven-year period. All quantitative questions employed rating scales.

Overview of key findings

Qualitative data were coded using a codebook approach and the frequencies so obtained were expressed as proportions of total responses by managers and companies. Cluster analyses revealed several distinct clusters of organisational characteristics. Companies differed from one another on these clusters with the best performing company (CO4, mining industry: coal) for example appearing more stable and low key than the worst performing company (CO3, mining industry: gold) which was more dynamic and risk orientated.

A series of clusters which described various identity *states/statuses* or *conditions* (the organisation's subjective experience and/or awareness of its identity) also emerged from the self-reported descriptive company statements. These *identity statuses* ranged from a strong *sense of unity* and solidarity, a sense of *identity search*, experienced *identity crises* (diffused identity), a sense of *enduring character*, a focus on and preoccupation with *corporate* or visual *identity*, a sense of *developing an identity*, to an experienced *identity loss*, and a sense of *possessing qualities relevant for establishing an appropriate identity*. Results revealed that organisations differed notably in terms of identity status with the top performing company (CO4) displaying a strong sense of unity/solidarity. The worst performing company (CO3) by contrast experienced a strong sense of identity crisis.

Quantitative descriptions of the companies were similarly subjected to data reducing methodologies. A principal components analysis[3] extracted 25, but ultimately only 21 usable factors (FM1 to FM25)[4]. Referred to as *identity factors*, these factors described various sources of uniqueness or distinctiveness, which ranged from an innovation-action culture anchored in, among other, unique leadership and management (referred to as an " innovaction" culture), to distinctive client-supplier relations and unique technology and systems. Notable differences in the profiles of participating companies were observed in terms of the identity factors.

Strong relationships between the organisation's *sense of identity* (identity clusters) and the more objective organisation identity (*identity factors*) were recorded. For this research population a company displaying for example a strong *sense of unity/solidarity or integrative character* is likely to exhibit a less prominent and reduced social role, a strong stakeholder care approach, a sense of order and unity, a prominent performance/success culture, a clear long term orientation, strong adaptive/change capabilities, a reduced emphasis on organisational size, the presence of a distinctive market orientation, a positive work climate, and the belief that it is unique in terms of its systems and technology. Companies rating high on sense of unity/solidarity were likely to define their distinctiveness in the industry in terms of their culture, clients, systems, employees, and structure (smaller rather than larger). For these companies uniqueness was clearly not related (strong inverse correlations) to image, trading partners, role in the community, non human resources, or company name. The latter suggests that identity for them is not an *externally* acquired phenomenon, but is associated with *internal* (or core) attributes of the company.

A strong sense of unity/solidarity was also inversely related to the *performance* rank order[5] the company occupied (an organisation occupying a rank order position of 1, being the top performer, was likely to exhibit the

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[2] Financial/banking, retailing, mining (gold), mining (coal), food, manufacturing - leather, pharmaceutical and medical.

[3] The obtained factor matrix was rotated orthogonally (varimax rotation method) to maximise statistical independence of factors.

[4] Factor scores for the participating companies were calculated and used during subsequent analysis.

[5] Companies rank ordered on the basis of the frequency with which they appeared in top and worst performing categories (various financial performance measures) of the annual Business Times survey over a period of 4 years. The top performing company on all indices over the period, obtained a rank order of 1 (worst performing company in the research population was allocated a rank order of 10).

greatest degree of integration or sense of unity). Results further revealed that a strong sense of unity/solidarity is associated with clear organisational focus and good performance[6] by the company during earlier years.

A company presenting with an *identity crisis* in many respects exhibit characteristics opposite to that of a company with a strong sense of unity, and is likely to occupy a lower rank order position in terms of performance over time. A company in this category will be characterised by the absence of a sense of organisational uniqueness, the absence of an innovation-action culture, the absence of a performance/success culture, inadequate client/supplier relations and a strong preoccupation with public prominence, organisational size, and its image and visibility. At the same time it will display a strong risk orientation, but less of a distinctive market orientation when compared with companies not experiencing a diffused identity or identity crisis. Of particular interest also, is the observation that experienced identity deficiencies were associated with deficient organisational focus during previous years. The sources of distinctiveness associated with (nominated by) companies experiencing identity crises include societal role, image, physical facilities, organisational size and clients. Sources of organisational distinctiveness for companies in a state of identity crisis clearly *exclude* (high inverse correlations with) leadership, performance and management. In general, organisations with strong identities in this specific population were more likely to be small and agile whereas larger organisations tended to grapple to a greater extent with identity deficiencies.

Where identity was defined as *distinctive and clear character*, organisational character ratings for several years correlated highly with organisational stage of development, focus and performance - as rated by executives. Clarity of character in 1995/6 in particular, was strongly associated with organisational performance for the years 1994/5 to 1997 – more so than character ratings obtained for any other year. This finding however should be interpreted in terms of socio-political and economic conditions prevalent at the time. The enduring significance of organisation character (identity) is illustrated with these results and while causality cannot be established with this study, results provide firm grounds for the hypothesis that the identity status of an organisation will have an enduring influence (positively or negatively) in, and on the organisation. In practice this may imply that the influence of the organisation's current identity (character) status will prevail for a period of 2 to 3 years or longer.

The relationship between character, stage of development, focus and organisation performance for this diverse population provide grounds also for the hypothesis that an organisation should have a clear character when it enters a growth stage and probably should not attempt major acquisitions or mergers if its identity is diffused, *and* it wishes to maintain acceptable performance levels. It is argued that clear and distinctive character enhances focus and consequently impacts positively on performance.

Short term financial indicators for the 1997/1998 financial year revealed similar strong, positive relationships with past identity/character assessments. A company that exhibited a clear and distinctive character during 1996 and 1997 was, for example, likely to report higher net profits, return on assets (ROA) and return on equity (ROE) than a company with a diffused character. Similar, though somewhat weaker trends were observed for organisations with a strong *sense of identity*.

Conclusions

In general, organisation identity was consistently observed regardless of how it was operationally defined (whether holistic self-descriptions, specific identity descriptions, or more structured, quantitative descriptions), with organisations demonstrating distinct identities (in various stages of experienced adequacy or clarity) on a consistent basis. Results also revealed that organisation identity for this research population, correlated consistently (and strongly) with specific sets of organisational features. More importantly, organisation identity consistently and in practically meaningful ways related to organisation performance. It was noted, in addition, that organisation identity (distinctive character) correlated equally high with organisational focus and stage of organisational life cycle, and ultimately organisational performance. The identity-performance relationship has indicated that organisation identity is a life cycle bound phenomenon and highlighted the pervasive influence of organisational size. It was consequently concluded that the implicit null hypothesis for each of the stated hypotheses could not be entertained, and that key research questions can be answered affirmatively.

The empirical findings of the study were consistent with many of the theoretical assumptions regarding the nature of identity. Results furthermore suggest that processes of identity acquisition and the concept of identity crisis may be rewarding avenues for continued research. Conclusions, though constrained by the non-probability (convenience) nature of the research sample, nonetheless confirmed the relevance of organisation identity to organisational functioning and its linkage (and sensitivity) to changes in the organisational life cycle. The strong and

[6] Mean company performance for each year as rated by executives.

pervasive relationship of organisation identity with organisational performance indexes has important implications for an understanding of organisations, their management and survival, and generally the role of leadership. It introduces a hitherto unknown concept into the performance management domain, which, on reflection, suggests that many established managerial routines and practices may need to be reconsidered from an organisation identity perspective. For this research population, it is suggesting that management may comfortably direct managerial focus, energy, and other resources towards identity establishment, maintenance, and/or "management" with solid prospects for enhancing organisational performance – regardless of whether this relates to short or medium term results.

The findings, secondly, suggest that practitioners, consultants, and scholars in the field of human resource management and human resource development in particular, acknowledge that organisation identity (or distinctive character) needs to be factored into discussions when contemplating organisation and performance improvement. For this research population, organisational success was more likely when the organisation had a clear sense of unity and an enduring, distinctive character - of who and what they are. The converse is equally valid. Where identity or character was uncertain (diffused) organisational focus and performance were also adrift. For the practitioner, the reported results suggest that at best, organisation identity or character be measured and monitored, but at worst may imply concerted effort towards the establishment and maintenance of a clear and distinctive identity. Several entry points for diagnostic purposes are indicated. In this regard the organisation's sense of identity (whether clear or diffused), organisational focus (whether clear and targeted or unclear/inappropriate or adrift) and stage of development (for example entering, or emerging from, growth, consolidation or decline stages – indeed, any major change event) may provide avenues through which the organisational performance-focus-identity relationship can be explored. This is furthermore attainable through both qualitative and quantitative measures, such as those employed in this study.

Finally, while the exploratory nature of the current study precludes inferences about causality, strong foundations for hypotheses in this direction has been established. Confirmatory research may well entrench an alternative approach to improving and sustaining organisation performance, and extending the life expectancy of organisations to the benefit not only of the workforce and those affected by organisations, but also society at large.

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Identification of Critical Work Environment Variables for Quality Performance in a Service Organization

Constantine Kontoghiorghes
Deborah Dembeck
Oakland University

The purpose of this study was to identify the critical work environment variables for quality performance in an organization. The theoretical framework of the study was based on total quality management and sociotechnical systems theories. This exploratory study concluded that the following organizational variables are the most important when it comes to quality improvement in a marketing services organization: satisfaction with internal processes; commitment of peers towards quality; having easy accessibility to others in the organization; few bureaucratic barriers to get the job done; effective communication channels within and between work teams; and achievement of ISO 9001.

Keywords: Quality,Socio-technical, Performance

The ultimate goal of all HRD interventions is to improve organizational performance. To a CEO, bottom-line organizational performance translates into improvements in productivity, quality, and cost reduction which in turn result in increased profitability and competitiveness. As the title of this paper implies, the focus of this study is the identification of critical variables for quality performance.

Successful organizations seek to proactively and systematically understand and respond to current and future, external and internal customer needs. Meeting and exceeding customer expectations is an area that has long been neglected by U.S. businesses. "The ultimate competitive advantage is established when an organization develops a culture that supports its internal customers" (Lindsay &Petrick, 1997; p. 7).

Despite high expectations, implementation of total quality management (TQM) interventions has produced mixed results (DeSimone & Harris, 1998; Whitney &Pavett, 1998). In particular, "the practitioner literature suggests that there is a high rate of success with TQM, particularly from the organization's perspective. Many companies reported that TQM has led to significant improvements in product quality and service leading to increased market share, profits, and company image" (DeSimone & Harris, 1998; p. 459).

Researchers, however, have also provided a contrasting view with regard to the effectiveness of TQM interventions. According to Spector and Beer (1994), "the TQM picture is far from rosy. There is a whole other set of data with which to contend, data to suggest that the 'failure rate' for TQM interventions- that is, TQM efforts which failed to live up to the expectations of their champions within the organization- is upwards of 75 per cent, and that gloomy assessment remains relatively constant whether looking at organizations in the USA or the European Economic Community" (p. 63).

A limitation of TQM research is that its results are almost all based on case reports which in turn are generated by practitioners rather than researchers who follow sound research designs Hackman & Wageman, 1995). Macy and Izumi (1993) in their organizational change, design, and work innovationmeta-analysis study of 131 North American field studies described TQM research designs as "extremely poor" with severe empirical research data limitations.

Aside from the research design limitations, TQM research is also negatively impacted by the lack of uniform and consistent definition of quality (Reeves &Bednar, 1994). Reeves and Bednar argue that "continued inquiry and research about quality and quality related issues must be built upon a thorough understanding of differing definitions of the construct. Universalistic propositions describing the relationship among various variables and quality cannot be made when the meaning of the dependent variable continually changes" (p. 419).

According to Whitney and Pavett (1998), the academic literature has not yet devoted much attention to the study of quality management implementation. Hence, there are few studies and research-based tools available to facilitate total quality management (TQM) diagnosis and implementation. Because of this lack of research, the authors stress, that there is a gap in knowledge of how organizations function.

Aside from TQM, the sociotechnical systems (STS) approach has also been widely used in order to enhance organizational performance. However, the STS intervention as a stand alone approach has received scrutiny as well. More specifically, Persico and McLean (1994) in their comparison of the STS and TQM paradigms have concluded that STS is ambiguous,

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theoretical, and may over-emphasize the social side of the organizational system, whereas TQM/CQI may be overly prescriptive and pragmatic and may over-emphasize the technical side of the system" (p. 11).
Given the weaknesses of both paradigms, Persico and McLean (1994) suggest that the theories of TQM and STS are "in the process of being merged and combined with other approaches to enhance the transformation of industry" (p.11).

With regard to the merger of STS and TQM theories, Manz and Stewart (1997) point out that limited effort has been devoted to the potential synergies that could be obtained from combining TQM and STS approaches. Manz and Stewart (1997) also stress the point that TQM and STS, widely recognized and implemented work system approaches, show inevitable weaknesses as stand-alone methods. The authors propose that by effectively integrating and synergizing the strengths of TQM with the strengths of STS the potential exists for creating work system designs that merit the large short-term and long-term investments required for work system redesign. Comparative strengths of the two approaches are described as follows: TQM provides a standardized system for measuring and tracking performance, STS provides a flexible structure that encourages adaptation to a changing environment; TQM focuses on coordination of multiple work processes, STS focuses on innovation through diversity of inputs. In short, the authors suggest, that "through better understanding and synergistic integration of TQM and STS, the benefits of simultaneous stability and flexibility, as well as innovation, psychological ownership, quality of worklife, continuous and discontinuous learning, and ultimately high organizational performance and customer satisfaction may be realized" (Manz & Stewart, 1997; p. 68).

The sentiments expressed by Manz and Stewart (1997) are echoed by Lindsay and Petrick (1997) as well. In particular, Lindsay and Petrick (1997) advocate that "the philosophies of the parallel movements of OD and total quality are now rapidly coming together as total quality advocates try to deal with the human factors in quality improvement and OD people attempt to deal with the technical and measurement factors that accompany the challenges of 'planned' organizational change" (p. 4).

Problem Statement

Given the limitations of TQM research and the current direction toward merging TQM and STS theories, the main purpose of this empirical study was to to identify, prioritize, and describe the most important STS and TQM work environment variables for quality performance in a marketing services organization. This study also addressed the limitation with regard to the lack of uniform and consistent definition of the construct of quality, by operationalizing the quality construct in terms of distinct and universal measures that could be applicable in a variety of settings.

For this study, the work environment was defined in terms of the following TQM and sociotechnical systems (STS) dimensions: (1) awareness of quality strategy; (2) continuous improvement emphasis; (3) commitment to quality; (4) quality policy alignment; (5) communication/information sharing; (6) customer satisfaction sensitivity; (7) process measurement; (8) peer team support; (9) quality culture perceptions; (10) availability of resources necessary for task performance; and (11) ISO 9001 compliance.

Quality performance was operationalized in terms of the following quality indicators: (1) satisfaction with quality of work output - the extent to which employees are satisfied with the quality of work output they receive from their fellow workers; (2) external customer satisfaction- the extent to which external customers are satisfied with the organization's services; (3) satisfaction with internal processes- the extent to which employees are satisfied with internal processes of the organization; (4) timeliness - the extent to which a service will be performed when promised; (5) accessibility and convenience the extent to which employees have easy accessibility to others they need to perform their job; and (6) responsiveness the extent to which employees react quickly and resolve unexpected problems.

In short, the main research question this study attempted to address was What is the degree of association between the identified work environment variables and quality indicators?

Theoretical Framework

The theoretical framework of the study was based on total quality management and sociotechnical systems theories.

Total Quality Management

Proponents of total quality management maintain that there is a universal set of practices that if implemented will lead to high performance and organization development. Total Quality Forum recently defined total quality (TQ) as

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> a people-focused management system that aims at continual increase in customer satisfaction at continually lower cost. TQ is a total system approach (not a separate area or program), and an integral part of high-level strategy. It works horizontally across functions and departments, involving all employees, top to bottom, and extends backwards and forwards to include the supply chain and the customer chain. The principles and practices associated with total quality impact all the traditional OD approaches. (Lindsay & Petrick, 1997; p.20)

According to Whitney and Pavett (1998), TQM implementation is a major organizational change effort that requires "a transformation in the organization's culture, processes, strategic priorities, and individual attitudes, beliefs, and behavior" (p. 9). This type of change is so comprehensive, that successful implementation requires a total organizational paradigm shift (Whitney & Pavett, 1998). In all, the TQM approach embodies principles, ideas and tools from a variety of disciplines, including psychology, sociology, statistics, management, and marketing (Dervitsiotis, 1998).

The main objective of TQM interventions is to develop organizations which create value through greater satisfaction of all relevant stakeholders. "Through well structured processes, TQM aims to create an environment that encourages people to grow as individuals and learn to bring about both small but continuous (kaizen) and drastic or breakthrough improvements" (Dervitsiotis, 1998; p. 112). To be successful, TQM interventions must (a) have the commitment of management at all levels of the organization; (b) focus on the needs of both the internal and external customers; (c) insist on everyone's participation; (d) make decisions based on facts; and, (e) aim for continuous improvement (Dervitsiotis, 1998).

Sociotechnical Systems Theory

For many years now, organizations have used sociotechnical systems designs in order to improve organizational effectiveness. According to Pasmore (1988),

> the sociotechnical systems perspective considers every organization to be made up of people (the social system) using tools, techniques and knowledge (the technical system) to produce goods or services valued by customers (who are part of the organization's external environment). How well the social and technical systems are designed with respect to one another and with respect to the demands of the external environment determines to a large extent how effective the organization will be. (p. 1)

In general, STS interventions focus on a combination of organizational structural demands, such as workflow, task accomplishment, and performance, social demands, such as relationships among workers, and external environment demands, such as meeting external customer expectations (DeSimone & Harris, 1998; Cummings & Worley, 1997; Pasmore, 1988). "STS interventions include quality circles, total quality management, and self-directed work teams" (DeSimone & Harris, 1998; p. 455).

Research has shown STS interventions are among the most widely used and effective OD interventions (DeSimone & Harris, 1998). A review of 134 STS studies by Pasmore, Francis, Haldeman, and Shani (1982) indicated that overall, 97% of the reviewed STS interventions resulted in quality control improvement. Another important meta-analysis study that contributed to the quest of determining the effectiveness of STS interventions, is the one conducted by Macy and Izumi (1993). In their seven-year long meta-analysis study, the authors considered 1800 field studies that took place between the years of 1961 and 1991. Out of 1800 only 131 field studies met the strict research criteria required for a quantitative meta-analysis utilizing individual study effects.

The purpose of the Macy and Izumi (1993) study was to provide information with regard to the success and failure of various organizational structure, human resource, technology, and TQM features or action levers. According to the authors, "little empirical work is available to examine organizational transformations or systemwide change and its ability to improve performance" (p. 236). Furthermore the authors stressed that "the need for a standardized methodology assessing performance outcomes and their relationships with certain action levers or design features across organizations in organizational development has become pronounced" (Macy & Izumi, 1993; p. 237). Since the authors did not find any empirical TQM field studies that met their research design and data requirements, they reported results on the structural, human resource, and technological design features only. In all, the authors identified 17 structural, 14 human resources, and 14 technological action-levers that were common among the field studies under consideration.

The findings of this meta-analysis study suggested that organizational design and change interventions are very effective in improving organizational performance. The meta-analysis showed that the strongest organizational improvements are made in the financial area in which costs go down and product quality as well as productivity improve.

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The results of this extensive meta-analysis study also showed that human resource interventions alone do not result in large organizational improvements and can be more effective when introduced holistically, accompanied always by structural changes. Macy and Izumi (1993), further concluded that the design combination of technological, human resources, and structural change produced the highest and strongest organizational improvement. The latter conclusion not only exemplifies the importance of STS interventions, but perhaps it also explains why they have been found to be so effective when it comes to enhancing organizational performance.

Research Questions

As stated earlier, the main purpose of this empirical study was to identify, prioritize, and describe the most important TQM and STS work environment variables for quality performance in a marketing services organization. In short, this study attempted to answer the following research questions:

1. What is the degree of association between the identified work environment variables and quality indicators?
2. To what extent is satisfaction with internal processes associated with external customer satisfaction?
3. To what extent is having all necessary skills and knowledge to perform job associated with quality performance?

Methodology

Subjects

The sampling frame of this study consisted of 295 professionals at a marketing services company in the Midwest. The staff membership was comprised of Sales, Account Services, Editorial, Graphics, Print Production, Training, Consumer Marketing, Network Services, Systems Development, Program Administration, and Administration/Finance professionals. Each member of the organization received a survey and was therefore identified as a participant.

Instrument

The instrument for this study consisted of a 43 item questionnaire. The questionnaire was custom designed to assess the overall quality performance environment of the organization and was partly based on Lindsay's and Petrick's (1997) quality and sustainable productivity assessment instrument. The instrument also incorporated in its design three training transfer related variables in order to assess the degree to which supervisory support for training exists in the organization. The questionnaire further prompted the respondents to indicate the degree to which they had all necessary skills and knowledge to perform their job. Overall, the *reliability* of the instrument was measured in terms of coefficient alpha and was found to be 0.95.

Method

The procedure involved distribution of a questionnaire to be filled out by each employee and returned. A cover letter from the Executive Vice President of the organization accompanied the questionnaire and the respondents were assured of complete anonymity. A monetary incentive of one hundred dollars was applied to encourage participation and maximize the response rate. A series of three reminder/follow up e-mail notices were forwarded to participants. A second distribution of the survey and cover letter was issued two weeks following the original dissemination of the survey. The *response rate* for this study was calculated at 86.4% (255/295).

Data Analysis

After the data from the 255 participants was collected, both descriptive and inferential statistics were used to analyze it. In terms of research question 1, correlational and multiple regression analyses indicated the degree of association between the identified work environment variables and quality indicators. Correlational and regression analyses also assisted in answering research questions 2 and 3. In particular, through correlational and multiple regression analyses the researchers were able to describe the association between satisfaction with internal process and external customer satisfaction as well as between the variable of having all necessary skills and knowledge to perform job and the quality indicators.

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Results and Findings

Table 1 depicts the regression model that corresponds to each quality indicator. Aside from the adjusted R square values, Table 1 also depicts the pertaining Pearson correlations. Table 2 lists the correlations that relate to research question #3.

As shown in Table 1, the regression model pertaining to *external customer satisfaction* revealed that satisfaction with internal processes in the organization, availability of tools and equipment to perform the task, peer commitment towards quality, and enough time to perform the job in a professional manner were found to be the main predictors for external customer satisfaction. It is important to note that satisfaction with internal processes was by far the strongest predictor for external customer satisfaction. In other words, the more satisfied employees are with internal processes in the organization, the more likely it would be that the external customers will be satisfied with the organization's services.

According always to the data in Table 1, one can conclude that ISO 9001 implementation is a very strong predictor of *satisfaction with internal processes* in the organization. Other variables that were found to be predictors of satisfaction with internal processes are: a) the extent to which the organizational structure makes it easy to improve processes; b) the extent to which key processes are regularly measured and audited; c) the extent to which inputs are received from others in a timely fashion, and d) the extent to which others produce quality output and are quick to respond to unexpected problems.

Satisfaction with quality of work output by peers was found to be mainly associated with a) commitment of peers toward quality; b) have enough time to perform job in a professional manner, c) peers hold each other accountable for work produced, and d) emphasis on quality by senior management. What these four variables indicate is that satisfaction of the quality of work output will be more likely to increase if the whole organization is committed and emphasizes the importance of quality, employees have enough time to perform their jobs in a professional manner and are accountable for the work produced.

As the data in Table 1 indicates, employees will be more likely to *receive inputs they need in a timely fashion* if they have easy accessibility to others, excellent relationships exist between work teams, and the organizational structure makes it easy to improve processes. Lastly, employees will be more likely to *quickly respond to unexpected problems* if, a) effective communication channels within and between work teams exist; b) they have easy accessibility to others in the organization; c) are encouraged to learn new skills and knowledge; and d) if people in the organization share the responsibility for the success or failure of work produced.

With regard to research question #3, according to the data depicted in Table 2, having all necessary skills and knowledge (skills/knowledge) to perform one's job has a low to moderate association with quality performance. As shown in Table 1, the skills/knowledge variable did not load into any of the regression models.

Conclusion

In summary, the data in Tables 1 and 2 tells us that external customer satisfaction is greatly dependent on satisfaction with internal processes. Satisfaction with internal processes was in turn found to be strongly associated with ISO 9001 achievement and an organizational structure that makes it easy to improve processes and requires that key processes are measured and audited regularly. Since the latter falls under the IS 9001 umbrella, it is safe to conclude that ISO 9001 is an effective mechanism that directly facilitates satisfaction with internal processes and indirectly, external customer satisfaction. Further, the data in Table 1 reveals that satisfaction of the quality of work output is greatly dependent on the commitment senior management and other employees in the organization exhibit toward quality. Moreover, the detailed analysis of the quality dimensions that pertained to inputs being received in a timely fashion and employees being responsive to unexpected problems indicated that quality improvement is greatly dependent on an organizational

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Table 1. Regression Models and Correlations for Quality Indicators

External customer satisfaction	Satisfaction with internal processes	Satisfaction with quality of work output by peers	Inputs are received from others in a timely fashion	Quick employee response to problems
Satisfaction with internal processes adj = 23% r = 0.451**	ISO 9001 achievement adj = 37.7% r = 0.624**	Commitment of peers toward quality adj = 33.2% r = 0.579**	Have easy accessibility to others adj = 36.4% r = 0.559**	Effective communication channels within and between work teams adj = 25% r = 0.519**
Availability of tools and equipment to perform task adj = 6.9% r = 0.413**	Structure makes it easy to improve processes adj = 10.7% r = 0.582**	Have enough time to perform job adj = 8.5% r = 0.424**	Excellent relationships between work teams adj = 9.6% r = 0.534**	Have easy accessibility to others adj = 7.5% r = 0.474**
Commitment of peers toward quality adj = 2.8% r = 0.394**	Key processes are regularly measured and audited adj = 6.5% r = 0.569**	Accountability for work produced by peers adj = 3.9% r = 0.509**	Structure makes it easy to improve processes adj = 3.9% r = 0.531**	Encouragement to learn new skills & knowledge adj = 3.8% r = 0.433**
Have enough time to perform job adj = 1.4% r = 0.367**	Inputs are received from others in a timely fashion adj = 2.9% r = 0.511**	Emphasis on quality by senior management adj = 2.4% r = 0.517**	Satisfaction with internal processes adj = 1.4% r = 0.511**	Shared responsibility for success or failure of work produced adj = 2.0% r = 0.427**
Awareness of quality mission adj = .9% r = 0.379**	Satisfaction of quality of work output by peers adj = 1.2% r = 0.477**	Coworker output is within the expected range adj = 1.9% r = 0.425**	Key processes are regularly measured and audited adj = 1.0% r = 0.276**	Satisfaction with internal processes adj = 1.3% r = 0.446**
Rewards for high quality output adj = 1% r = 0.264**	Quick employee response to problems adj = .6% r = 0.446**	Availability of tools and equipment to perform task adj = 1.2% r = 0.399**	Have enough time to perform job adj = 1.1% r = 0.440**	Supervisory advice on how to improve work adj = 1.0% r = 0.377**
		Availability of facts and information to perform job adj = .8% r = 0.460**	Emphasis on doing things right the first time adj = .9% r = 0.440**	Supervisory praise & recognition when applying new skills & knowledge adj = 1.3% r = 0.282*
		Encouragement of creativity adj = .9% r = 0.254**		Encouragement of creativity adj = .9% r = 0.433**
		High ethical standards adj = .8% r = 0.405**		
	Total	Variance	Accounted	For:
adj = 36% N = 246	adj = 59.6% N = 249	adj = 53.6% N = 265	adj = 54.3% N = 249	adj = 42.8% N = 246

**. Correlation is significant at the 0.01 level (2-tailed)

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Table 2. Correlations of "Have all Necessary Skills & Knowledge to Perform my Job" with Quality Indicators

	External customer satisfaction	Satisfaction with internal processes	Satisfaction with quality of work output by peers	Inputs are received from others in a timely fashion	Quick employee response to problems
Have all necessary skills and knowledge to perform my job					
Pearson Correlation	0.273**	0.262**	0.288**	0.282**	0.305**
N	275	277	278	275	280

**. Correlation is significant at the 0.01 level (2-tailed)

structure that a) is characterized by few bureaucratic barriers; b) allows effective communication and excellent relationships within and between work teams; and c) provides all the necessary time, facts, information, tools, and equipment in order for employees to perform their tasks in a professional manner.

Given that the skills/knowledge variable did not load into any of the regression models, and it was found to exhibit low to moderate correlations with the quality indicators, one may also conclude that having all necessary skills and knowledge to perform one's job is not as critical, when it comes to quality performance, as the identified TQM and STS variables. This conclusion is in agreement with the findings of the Macy and Izumi (1993) meta-analysis study, according to which, as stated earlier, human resource interventions alone do not result in large organizational improvements. Rather, human resource interventions can be more effective if they are introduced holistically, accompanied always with structural changes. As Macy and Izumi put it, "it becomes evident that the first action lever implemented in transformation efforts must deal directly with power, control, and decision making issues. It would be necessary to be very naive to think that changing Human Resources systems by themselves will significantly change the financial performance of a firm. Top management has to be convinced that a flatter and leaner organizational structure combined with investment in Human Resources systems will improve performance" (p. 288). Having all the necessary skills and knowledge to perform one's job efficiently and effectively is obviously very important. But if these skills and knowledge are introduced in a system which is not designed for optimum performance, then it is doubtful that they will result in sizeable performance improvements.

Summary

Overall, the statistical analysis of this study identified the following organizational variables as critical components for quality performance in a marketing services organization:

- Satisfaction with internal processes
- ISO 9001 achievement
- Commitment of peers towards quality
- Easy accessibility to others
- Few bureaucratic barriers to get the job done
- Effective communication channels within and between work teams
- A structure that makes it easy to improve processes
- Availability of tools and equipment to perform tasks
- Having enough time to perform job in a professional manner
- Employees are quick to respond to unexpected problems
- Excellent relationships between work teams
- Key processes are regularly measured and audited

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How this Research Contributes to New Knowledge in HRD and Recommendations for Future Research

Through empirical analysis, this study was able to bridge some of the existing gaps in knowledge by identifying the most critical work environment variables that pertain to distinct quality performance indicators. Further, by relying on both, TQM and STS theories, this study has helped create a more holistic conceptual framework for studying quality improvement in a service organization and reinforced the link between the two theories. In terms of HRD practice, this study may assist HRD practitioners better assess organizational needs relative to quality performance and thus be able to implement more targeted changes. These more targeted changes in turn could signify the importance of the HRD function and demonstrate how HRD efforts can be linked to bottomline organizational performance and the strategic mission of the organization in general. Finally, by replicating this study in other work settings researchers will be able to determine the extent to which the identified critical work environment variables are indeed crucial in other work settings or industries.

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